

# **DISCLAIMER**

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**COMMONWEALTH OF VIRGINIA, *ex rel.***

**STATE CORPORATION COMMISSION**

**v.**

**CASE NO. PUE-1999-00002**

**AUBON WATER COMPANY,  
Defendant**

## **REPORT OF MICHAEL D. THOMAS, HEARING EXAMINER**

**February 14, 2003**

By Final Order entered herein on December 17, 1999, the Commission approved a rate increase for Aubon Water Company ("Aubon" or "the Company"). The approved rate increase included a component to fund the construction of a water treatment facility for the Long Island Estates Subdivision located in Franklin County, Virginia. The Order directed Aubon to obtain a bank loan or other suitable financing within eight months from the effective date of the Order, to finance the facility. If the Company failed to obtain the necessary financing, it was directed to file an application for a rate decrease that eliminated the revenues associated with the facility from its rates. The Order further required the Company to deposit the additional revenues generated for the water treatment facility in an escrow account established specifically to hold such funds.

By Order entered March 1, 2001, in Case No. PUE-2001-00072, the Commission found that Aubon had been grossly mismanaged and had failed to comply with the Commission's aforesaid Final Order. The Commission appointed a Receiver to assume control of Aubon and manage the day-to-day operations of the Company.

By Order entered January 2, 2003, the Commission consolidated Case No. PUE-1999-00002 with Case No. PUE-2001-00072 for the purpose of conducting a hearing to determine whether certain emergency rates implemented by the Receiver should be made permanent. As part of the proceeding, the Commission directed the Receiver to file a report with the Commission updating certain actions undertaken by the Receiver on the Company's behalf. The Commission further directed the Staff to review the actions taken by the Receiver and investigate the need for the emergency rate relief.

On February 5, 2003, a hearing was convened as scheduled in the consolidated cases. The Reports filed by both the Receiver and Staff were accepted into evidence; both parties recommended that Case No. PUE-1999-00002 be closed. The Company obtained financing for the water treatment facility from the Virginia Department of Health on September 26, 2002. The water treatment facility for the Long Island Estates Subdivision has been built and is operational. Accordingly, **I RECOMMEND** the Commission enter an order closing Case No. PUE-1999-00002, eliminating the requirement that the Company maintain a separate escrow account, and passing the papers herein to the file for ended causes.

## **COMMENTS**

The parties are advised that any comments (Section 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 C) to this Report must be filed with the Clerk of the Commission in writing, in an original and fifteen (15) copies, within ten (10) days from the date hereof. The mailing address to which any such filing must be sent is Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Any party filing such comments shall attach a certificate to the foot of such document certifying that copies have been mailed or delivered to all counsel of record and any such party not represented by counsel.

Respectfully submitted,

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Michael D. Thomas  
Hearing Examiner